

38-10-109 Limitation on liability for other owners in production unit if notice provided -- Contents of notice -- Filing of notice -- Time for filing -- Failure to file does not affect other defenses.

- (1) Where work is performed or materials or equipment are furnished for any production unit under a contract with an owner of an interest in the production unit, any interest of any other owner in the production unit shall not be subject to a lien under this chapter, if such other owner gives written notice that he will not be responsible for work performed or materials or equipment provided.
- (2) Written notice shall be:
 - (a) in recordable form;
 - (b) filed with the county recorder of the county where the production unit is located; and
 - (c) filed within 10 working days after the latter of:
 - (i) the owner obtaining knowledge of the performance of such work or the providing of such materials or equipment; or
 - (ii) the execution by the last party of:
 - (A) a farmout agreement;
 - (B) a lease or sublease;
 - (C) an operating agreement;
 - (D) an assignment of less than 100% of the lessee's interest or operating rights under a lease;
 - (E) a sales contract; or
 - (F) an option agreement.
- (3) Failure to file under this section shall not impair any other defense available to such owner.

Enacted by Chapter 170, 1987 General Session